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Paper No. 21

MAO INC.  
1636 POPPS FERRY ROAD  
SUITE 224  
BILOXI MS 39532

**MAILED**

**FEB 09 2011**

**OFFICE OF PETITIONS**

In re Patent No. 5,788,574 :  
Issue Date: 08/04/1998 :  
Application Number: 08/532,965 : DECISION ON PETITION  
Filing Date: 09/22/1995 :  
Attorney Docket Number: :  
ORNSTEIN-3.0 :

This is a decision is in response to the petition under 37 CFR 1.378(b),<sup>1</sup> filed on November 5, 2010, to accept the delayed payment of the maintenance fee for the above-identified patent.

The petition is dismissed.

If reconsideration of this decision is desired, a petition for reconsideration under 37 CFR 1.378(e) must be filed within TWO (2) MONTHS from the mail date of this decision. No extension of this 2-month time limit can be granted under 37 CFR 1.136(a) or (b). Any such petition for reconsideration must be accompanied by the petition fee of \$400.00 as set forth in 37 CFR 1.17(f). The petition for reconsideration should include an exhaustive attempt to provide the lacking item(s) noted below, since, after a decision on the petition for reconsideration, no further

<sup>1</sup> A grantable petition to accept a delayed maintenance fee payment under 37 CFR 1.378(b) must include

- (1) the required maintenance fee set forth in § 1.20(e) through (g);
- (2) the surcharge set forth in § 1.20(I)(1); and
- (3) a showing that the delay was unavoidable since reasonable care was

taken to ensure that the maintenance fee would be paid timely and that the petition was filed promptly after the patentee was notified of, or otherwise became aware of, the expiration of the patent. The showing must enumerate the steps taken to ensure timely payment of the maintenance fee, the date and the manner in which patentee became aware of the expiration of the patent, and the steps taken to file the petition promptly.

reconsideration or review of the matter will be undertaken by the Director.

The patent issued on August 4, 1998. The first and second maintenance fees were timely paid. The third maintenance fee could have been paid during the period from August 4, 2009, through February 4, 2010, or, with a surcharge, during the period from February 5 through August 4, 2010. The patent expired at midnight on August 4, 2010, for failure to timely pay the third maintenance fee.

Petitioner, Stacey J. Perry, president of assignee MAO Inc. (hereinafter "MAO"), asserts unavoidable delay in that MAO relied upon registered patent practitioner Lou Weinstein, et al., of the law firm of Volpe and Koenig (hereinafter "Volpe"), which was tracking the maintenance fees in the original patent upon which the subject reissue patent is based. Petitioner further avers that (i) the delay was unavoidable because no notice was received by MAO or Volpe from the USPTO informing petitioner that the third maintenance fee was due, and (ii) because practitioner Terry Morris, by whom the subject reissue application was prosecuted, did not inform petitioner that a PTO/SB/47 Fee Address form, changing MAO's address in USPTO records, should be filed.

In her affidavit, Ms. Perry states, in pertinent part:

3. In 1995, MAO, Inc., retained Attorney Lou Weinstein, who later became a member of the law firm Volpe and Koenig to register, protect, and maintain a fee docket for its intellectual property. In November of 2001, Volpe and Koenig sent their notice to MAO that the first maintenance fee was due before February 4, 2002. The correspondence is attached hereto as Exhibit A-1.

4. In October of 2004 MAO Inc engaged Attorney Terry B. Morris, Registration Number 32,345, to further the prosecution of MAO's patents pending but not to maintain a maintenance fee docket. At Attorney Morris' directive, a Change of Attorney Form for all company Patents pending was filed with the USPTO. About that time MAO Inc. moved its offices, so a change of correspondence address for all Patents and patents pending was also filed with the USPTO.

5. MAO Inc has not ever been directed by Volpe and Koenig to file USPTO Form SB47: USPTO Change of Fee Notification Address. Nor, has MAO Inc ever received a Severance Letter from Volpe and Koenig.

6. Volpe and Koenig does maintain a fees docketing system and has a paralegal specifically assigned to maintaining that system.

7. Volpe and Koenig did forward a notification of Fees Due for this Patent in 2005, resulting in payment of the 7.5 year maintenance fees for US Patent 5,788,574...

8. Volpe and Koenig was listed on February 4, 2010 as Attorney of Record for US Patent 5,788,574. Volpe and Koenig failed to notify MAO Inc of the 11.5 yr. Maintenance Fee due and therefore caused the unintentional and unavoidable failure to pay 11.5 year maintenance fees.

9. In consideration of MAO's 2011 budget, on October 15, 2010, I requested that Attorney Morris create a listing of all future annuity due dates and anticipated Patent Office Actions. That very day MAO learned that US Patents 5,788,574 and US Patent RE37,588 had both expired.

10. On October 19, I did contact the office of Volpe and Koenig. I spoke with both, Gayle Ruchstul (the Paralegal responsible for the client Fee Docketing System) and Sally Pietzman, the Office Manager. The paralegal immediately recognized me as a client and referred me to the Office Manager, to whom I inquired as to the cause of the fee payment failure. She took the patent number and file number and denoted that either she or one of the Attorneys would get back to me. To date, there has been no response from Volpe and Koenig. The failure to respond to my inquiry is problematic, causing a week delay in preparing the Petitions to Revive.

The declaration of practitioner Terry B. Morris states, in pertinent part:

2. I have been retained by MAO, Inc., to represent it on various patent matters since 2004, dealing primarily

with patent prosecution and potential litigation, but not for maintenance fee docket purposes.

3. During my handling of patent matters for MAO, Inc., I considered US Patent 5,788,574 as inactive for the purposes of my representation since the Issuance and Publication fees were paid and maintenance fees tracking were assumed within the activity of the Assignee of Record was using the Attorney of Record to maintain the Fee Docket.

4. I was retained by Petitioner MAO, Inc., on October 15, 2010, to prepare a timeline for all future fees due for all of MAO's intellectual property (US and International).

5. On October 15, 2010, and during this review, I learned that US Patent 5,788,574 was designated on the internet records of the United States Patent and Trademark Office as expired for failure to pay maintenance fees.

6. Subsequently on October 15<sup>th</sup>, I inform Ms. Stacy Perry of MAO, Inc. of the discovered status of expiration for US Patent 5,788,574.

A petition to accept the delayed maintenance fee under 35 U.S.C. § 41(c) and 37 CFR 1.378(b) must be accompanied by (1) an adequate, verified showing that the delay was unavoidable, since reasonable care was taken to ensure that the maintenance fee would be paid timely and that the petition was filed promptly after the patentee was notified of, or otherwise became aware of, the expiration of the patent, (2) payment of the appropriate maintenance fee, unless previously submitted, and (3) payment of the surcharge set forth in 37 CFR 1.20(i)(1). This petition lacks requirement (1).

The Director may accept late payment of the maintenance fee if the delay is shown to the satisfaction of the Director to have been "unavoidable".<sup>2</sup>

A late maintenance fee is considered under the same standard as that for reviving an abandoned application under 35 U.S.C. § 133 because 35 U.S.C. § 41(c)(1) uses identical language (i.e.

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<sup>2</sup> 35 U.S.C. § 41(c)(1).

"unavoidable delay").<sup>3</sup> Decisions reviving abandoned applications have adopted the reasonably prudent person standard in determining if the delay was unavoidable.<sup>4</sup> In this regard:

The word 'unavoidable' . . . is applicable to ordinary human affairs, and requires no more or greater care or diligence than is generally used and observed by prudent and careful men in relation to their most important business. It permits them in the exercise of this care to rely upon the ordinary and trustworthy agencies of mail and telegraph, worthy and reliable employees, and such other means and instrumentalities as are usually employed in such important business. If unexpectedly, or through the unforeseen fault or imperfection of these agencies and instrumentalities, there occurs a failure, it may properly be said to be unavoidable, all other conditions of promptness in its rectification being present.<sup>5</sup>

As 35 U.S.C. § 41(c) requires the payment of fees at specified intervals to maintain a patent in force, rather than some response to a specific action by the Office under 35 U.S.C. § 133, a reasonably prudent person in the exercise of due care and diligence would have taken steps to ensure the timely payment of such maintenance fees.<sup>6</sup> That is, an adequate showing that the delay was "unavoidable" within the meaning of 35 U.S.C. § 41(c) and 37 CFR 1.378(b)(3) requires a showing of the steps taken to ensure the timely payment of the maintenance fees for this patent.<sup>7</sup>

Petitioner's arguments may be summarized as being that the delay should be considered unavoidable because (i) Volpe was

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<sup>3</sup> Ray v. Lehman, 55 F.3d 606, 608-09, 34 USPQ2d 1786, 1787 (Fed. Cir. 1995) (quoting In re Patent No. 4,409,763, 7 USPQ2d 1798, 1800 (Comm'r Pat. 1989)).

<sup>4</sup> Ex parte Pratt, 1887 Dec. Comm'r Pat. 31, 32-33 (Comm'r Pat. 1887) (the term "unavoidable" "is applicable to ordinary human affairs, and requires no more or greater care or diligence than is generally used by prudent and careful men in relation to their most important business").

<sup>5</sup> In re Mattullath, 38 App. D.C. 497, 514-15 (1912) (quoting Ex parte Pratt, 1887 Dec. Comm'r Pat. 31, 32-33 (1887)); see also Winkler v. Ladd, 221 F. Supp. 550, 552, 138 USPQ 666, 167-68 (D.D.C. 1963), aff'd, 143 USPQ 172 (D.C. Cir. 1963); Ex parte Henrich, 1913 Dec. Comm'r Pat. 139, 141 (1913). In addition, decisions on revival are made on a "case-by-case basis, taking all the facts and circumstances into account." Smith v. Mossinghoff, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982). Finally, a petition cannot be granted where a petitioner has failed to meet his or her burden of establishing that the delay was "unavoidable." Haines v. Quigg, 673 F. Supp. 314, 316-17, 5 USPQ2d 1130, 1131-32 (N.D. Ind. 1987).

<sup>6</sup> Ray, 55 F.3d at 609, 34 USPQ2d at 1788.

<sup>7</sup> Id.

responsible for timely payment of the maintenance fee, but failed so to do, presumably because of a docketing error, (ii) that Morris failed to inform petitioner to file a PTO/SB/47 "Fee Address" Indication Form with the USPTO in the subject patent; and (iii) that no notice was received from the USPTO by Volpe or MAO that the maintenance fee was due.

With regard to argument (i), that petitioner relied upon Weinstein, and/or Volpe and Koenig, to track and pay the third maintenance fee, such reliance *per se* does not provide petitioner with a showing of unavoidable delay within the meaning of 37 CFR 1.378(b) and 35 U.S.C. § 41(c).<sup>8</sup> Rather, such reliance merely shifts the focus of the inquiry from petition to whether the attorney or agent acted reasonably and prudently.<sup>9</sup> As such, assuming that the agent had been so engaged, then it is incumbent upon petitioner to demonstrate, via a documented showing, that the attorney or agent had docketed this patent for the first maintenance fee payment in a reliable tracking system.<sup>10</sup> If petitioner cannot establish that agent had been so engaged, then petitioner will have to demonstrate what steps were established by petitioner to monitor and pay the maintenance fee.

Therefore, any showing of unavoidable delay must include a statement from petitioner's patent attorney, as well as any other attorney(s) of record during the period that payment of the maintenance fee was delayed, as to why action was not taken to timely submit the required maintenance fee while the patent was under that agent's control. Petitioner should send a letter (accompanied by a copy of this decision) to Weinstein by registered or certified mail, return receipt requested, indicating to the agent that the USPTO is requesting his firm's (Volpe's) assistance in determining the circumstances surrounding the expiration of this patent, and is specifically requesting Volpe to provide a statement as to: (1) whether, and when, the firm first became aware that the third maintenance fee for this patent was due, and (2) why the maintenance fee was not timely submitted. Such statements should be accompanied by copies of any documents relevant to payment of the maintenance fee. In the event that Weinstein fails to provide a statement within a person (e.g. within one (1) month) specified in such letter, petitioner should submit a copy of such letter and the return receipt

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<sup>8</sup> See California Med. Prod. v. Technol. Med. Prod., 921 F. Supp. 1219, 1259 (D. Del. 1995).

<sup>9</sup> Id.

<sup>10</sup> Id.

indicating its delivery to the patent attorney or agent with any petition for reconsideration under 37 CFR 1.378(e).

The above paragraph notwithstanding, petitioner is reminded that the failure of communication between an applicant and counsel is not unavoidable delay.<sup>11</sup> Specifically, delay resulting from a lack of proper communication between a patent holder and a registered representative as to who bore the responsibility for payment of a maintenance fee does not constitute unavoidable delay within the meaning of 35 U.S.C. § 41(c) and 37 CFR 1.378(b).<sup>12</sup> Moreover, the Office is not the proper forum for resolving a dispute as to the effectiveness of communications between parties regarding the responsibility for paying a maintenance fee.<sup>13</sup>

With regards to the assertion of a docketing error, a delay resulting from an error (e.g., a docketing error) on the part of an employee in the performance of a clerical function may provide the basis for a showing of "unavoidable" delay, provided it is shown that:

(1) the error was the cause of the delay at issue;

(2) there was in place a business routine for performing the clerical function that could reasonably be relied upon to avoid errors in its performance;

(3) and the employee was sufficiently trained and experienced with regard to the function and routine for its performance that reliance upon such employee represented the exercise of due care.<sup>14</sup>

An adequate showing requires:

(A) Statements by all persons with direct knowledge of the circumstances surrounding the delay, setting forth the facts as they know them.

(B) Petitioner must supply a thorough explanation of the docketing and call-up system in use and must identify the type of records kept and the person responsible for the maintenance of the system. This showing must include copies of mail ledgers,

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<sup>11</sup> In re Kim, 12 USPQ2d 1595 (Comm'r Pat. 1988).

<sup>12</sup> See Ray v. Lehman, 55 F.3d 606, 610, 34 USPQ2d 1786, 1789 (Fed. Cir. 1995).

<sup>13</sup> Id.

<sup>14</sup> See MPEP 711.03(c)(III)(C)(2).

docket sheets, filewrappers and such other records as may exist which would substantiate an error in docketing, and include an indication as to why the system failed to provide adequate notice that a reply was due.

(C) Petitioner must supply information regarding the training provided to the personnel responsible for the docketing error, degree of supervision of their work, examples of other work functions carried out, and checks on the described work which were used to assure proper execution of assigned tasks.

The present petition lacks the showing required by (1), (2), and (3) above.

At the outset, if the persons to whom Perry spoke at Volpe, Gayle Ruchstul (Ruchstul) and Sally Pietzman (Pietzman), were responsible for docketing and tracking the third maintenance fee, affidavits or declarations of facts must be provided by them, setting forth the facts as they know them. Further, petitioners must provide statements from all other persons at Volpe with direct knowledge of the circumstances surrounding the delay, setting forth the facts as they know them. As stated in the preceding paragraphs, petitioners should contact Weinstein and requested a statement, setting forth the facts as he knows them concerning the expiration of the patent and Volpe's responsibility for tracking and payment of the third maintenance fee.

Additionally, petitioner must supply a thorough explanation of the docketing and call-up system in use and must identify the type of records kept and the person responsible for the maintenance of the system. This showing must include copies of mail ledgers, docket sheets, filewrappers and such other records as may exist which would substantiate an error in docketing, and include an indication as to why the system failed to provide adequate notice that a reply was due. Petitioner should provide a copy of the spreadsheet and any other documentation utilized in the tracking and payment of maintenance fees.

Lastly, petitioner must supply information regarding the training provided to the personnel responsible for the docketing error, degree of supervision of their work, examples of other work functions carried out, and checks on the described work which were used to assure proper execution of assigned tasks.

In summary, the showing of record is inadequate to establish unavoidable delay. Petitioner has provided insufficient evidence



to substantiate a claim of docketing error. As petitioner has not shown that it exercised the standard of care observed by a reasonable person in the conduct of his or her most important business, the petition will be dismissed.<sup>15</sup>

A delay resulting from a lack of knowledge or improper application of the patent statute, rules of practice, or the MPEP does not constitute an "unavoidable" delay.<sup>16</sup> As the showing of record does not rise to the level of unavoidable delay, the petition will be dismissed.

Likewise, with regard to argument (iii), above, that the delay should be considered unavoidable because no notification was received from the USPTO, by MAO or Volpe concerning the requirement to pay the third maintenance fee, a patentee's lack of knowledge of the need to pay the maintenance fee and the failure to receive the Maintenance Fee Reminder do not constitute unavoidable delay.<sup>17</sup> Under the statute and regulations, the Office has no duty to notify patentees (or their registered patent practitioners) of the requirement to pay maintenance fees or to notify patentees when the maintenance fees are due. The Office mailing of Maintenance Fee Reminders is carried out strictly as a courtesy. Accordingly, it is solely the responsibility of the patentee to assure that the maintenance fee is timely paid to prevent expiration of the patent. The lack of knowledge of the requirement to pay a maintenance fee and/or the failure to receive the Maintenance Fee Reminder will not shift the burden of monitoring the time for paying a maintenance fee from the patentee to the Office.<sup>18</sup>

Likewise, with regard to argument (ii) above, that the delay should be considered unavoidable because attorney Morris failed to advise to file Form PTO/SB/47, the "Fee Address" Indication form, it is noted that, as stated above, petitioner's argument is unpersuasive because the failure to receive a Maintenance Fee Reminder does not render the delay in payment of the maintenance fee unavoidable. In addition, only an address represented by a Customer Number can be established as the fee address for

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<sup>15</sup> See note 4, *supra*.

<sup>16</sup> See *Haines v. Quigg*, 673 F. Supp. 314, 317, 5 USPQ 1130, 1132 (N.D. Ind. 1987), *Vincent v. Mossinghoff*, 230 USPQ 621, 624 (D.D.C. 1985); *Smith v. Diamond*, 209 USPQ 1091 (D.D.C. 1981); *Potter v. Dann*, 201 USPQ 574 (D.D.C. 1978); *Ex parte Murray*, 1891 Dec. Comm'r Pat. 130, 131 (1891).

<sup>17</sup> See *Patent No. 4,409,763*, *supra*; see also "Final Rules for Patent Maintenance Fees" 49 Fed. Reg. 34716, 34722-34723 (August 31, 1984), reprinted in 1046 Off. Gaz. Pat. Office 28, 34 (September 25, 1984).

<sup>18</sup> *Rydeen v. Quigg*, 748 F. supp. at 900.

maintenance fee purposes. However, petitioners have not shown that they established a Customer Number with the USPTO. As such, the showing of record is that PTO/SB/47 cannot be used.

The U.S. Patent and Trademark Office must rely on the actions or inactions of duly authorized and voluntarily chosen representatives of the applicant, and applicant is bound by the consequences of those actions or inactions.<sup>19</sup> Specifically petitioners' delay caused by the mistakes or negligence of their voluntarily chosen representative does not constitute unavoidable delay within the meaning of 35 U.S.C. § 41(c)(1) or 37 CFR 1.378(b).<sup>20</sup> Petitioners were not forced, but rather made a conscious decision to obtain the services of the chosen representative in payment of the maintenance fees for this patent, and therefore must be held accountable for his actions, or lack thereof, before the Office.

Petitioner should note that if this petition is not renewed, or if renewed and not granted, then the maintenance fee and post-expiration surcharge are refundable. The \$400.00 petition fee for seeking reconsideration is not refundable. Any request for refund should be in writing to the address noted below.

#### **ALTERNATIVE VENUE**

Petitioner may wish, in the alternative, to request reconsideration in the form of a petition under 37 CFR 1.378(c), requesting that the unintentionally delayed payment of a maintenance fee be accepted. A petition to accept the delayed payment of a maintenance fee under 35 U.S.C. 41(c) and 37 CFR 1.378(c) must be filed within twenty four months from the end of the six month grace period (e.g., the expiration date of the patent and be accompanied by (1) a verified statement that the delay was unintentional, (2) payment of the appropriate maintenance fee, unless previously submitted, (3) payment of the \$1,640.00 surcharge (the \$700.00 surcharge already paid may be credited thereto leaving a balance due of \$940.00) set forth in 37 CFR 1.20(i)(2). The statement can be verified by using the attached petition form which includes a declaration according to 37 CFR 1.68.

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<sup>19</sup> Link v. Wabash, 370 U.S. 626, 633-34 (1962).

<sup>20</sup> Haines v. Quigg, 673 F. Supp. 314, 5 USPQ2d 1130 (D. Ind. 1987); Smith v. Diamond, 209 USPQ 1091 (D.D.C. 1981); Potter v. Dann, 201 USPQ 574 (D.D.C. 1978); Ex parte Murray, 1891 Dec. Comm'r Pat. 130, 131 (Comm'r Pat. 1891).

The filing of a petition under the unintentional standard cannot be intentionally delayed and therefore should be filed promptly. A person seeking revival due to unintentional delay can not make a statement that the delay was unintentional unless the entire delay, including the delay from the date it was discovered that the patent was expired until the filing of the petition to reinstate under 37 CFR 1.378(c), was unintentional. A statement that the delay was unintentional is not appropriate if petitioner intentionally delayed the filing of a petition for revival under 37 CFR 1.378(c).

Petitioner should note that if this petition is not renewed, or if renewed and not granted, then the maintenance fee and post-expiration surcharge are refundable.

Further correspondence with respect to this matter should be addressed as follows:

By mail:           Mail Stop Petition  
                  Commissioner for Patents  
                  P.O. Box 1450  
                  Alexandria, VA 22313-1450

By FAX:           (571) 273-8300  
                  Attn: Office of Petitions

By hand:           Customer Service Window  
                  Mail Stop Petition  
                  Randolph Building  
                  401 Dulany Street  
                  Alexandria, VA 22314

Telephone inquiries should be directed to the undersigned at 571-272-3231.



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Encl:           PTO/SB/66